

Current Support Brief

INDIAN ATOMIC ENERGY BUDGET TO BE INCREASED



CIA/RR CB 63-37

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CENTRAL INTELLIGENCE AGENCY

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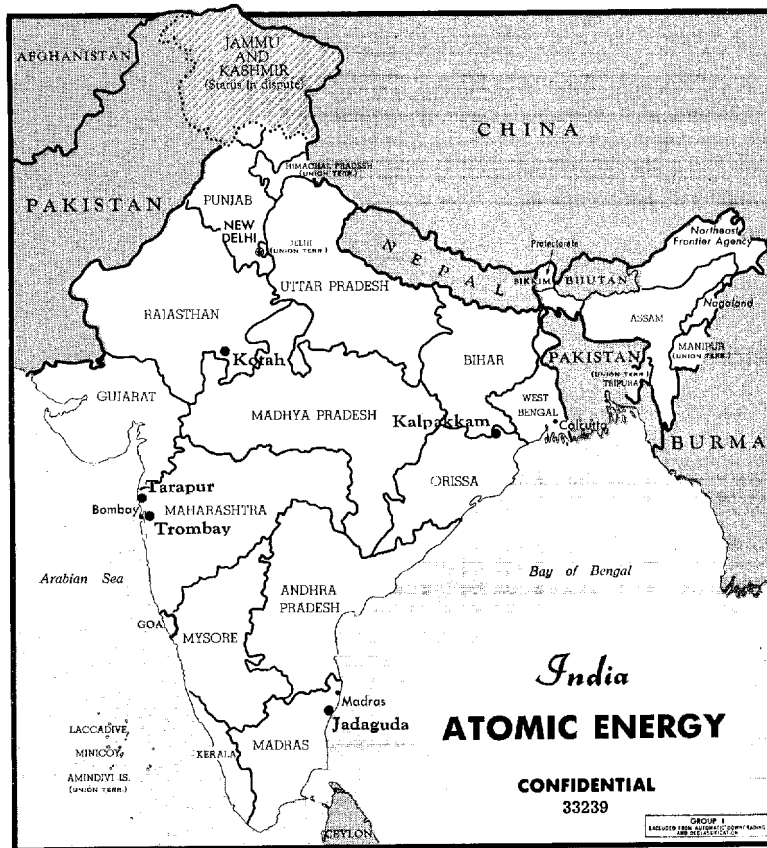
INDIAN ATOMIC ENERGY BUDGET TO BE INCREASED

On 25 March the lower house of India's Parliament reportedly approved the \$48.3 million (230 million rupee) budget of the Department of Atomic Energy (DAE) for 1963/64 (the Indian fiscal year runs from 1 April to 30 March). 1/ Expenditures for atomic energy since the inception of the program in 1954 are estimated to have totaled \$165 million and have averaged \$25 million annually during the years 1960-62. The budget for 1963/64, which was passed without any motions for cuts in planned expenditures, represents an increase of nearly 76 percent above the budget for 1962/63 of \$27.5 million and indicates an acceleration in the Indian atomic energy program. 2/ Included in the new budget is \$17.7 million for research, an increase of nearly \$2.5 million above that of last year. 3/ The major share of the increase in the budget is necessitated by India's decision to embark on a large nuclear electric power program.

The DAE has estimated that India's plans for rapid industrialization will necessitate an increase in installed electrical generating capacity from the present capacity of nearly 7,000 megawatts (mw) to 50,000 mw by 1986 and has concluded that, in areas remote from other sources of power, large atomic power stations can be built and power generated at costs competitive with those of conventional thermal power. 4/ Present targets call for 1,000 mw of installed capacity in nuclear powerplants by 1970 and 10,000 mw by 1986 (see the map*). 5/ Indian planners hope that independent production of nuclear power eventually can be based on India's abundant reserves of thorium and have decided to follow a three-stage program for the development of nuclear power. The reactors planned for installation by 1970 are to be fueled with uranium. The plutonium produced as a byproduct from these reactors will be separated at a chemical separation facility and used, either with natural uranium or thorium, in a second generation

* Following on p. 2.

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of reactors. From the irradiated elements of these reactors a fissionable isotope of uranium (U233) will be obtained which, it is hoped, can be used as initial fuel in a third generation of thorium breeder reactors. 6/ As a start on this program, India has accepted a bid of \$101 million by International General Electric for the erection of a 380-mw, twin-reactor powerplant at Tarapur, 60 miles north of Bombay. Approximately 70 percent of the cost of these reactors is to be funded by US aid, pending safeguard arrangements, but site improvements

and housing, for which India expects to spend \$15.7 million, already are in progress. 7/ Plans call for construction of a second nuclear power station at Rana Pratap Sagar near Kotah in the State of Rajasthan, at a cost of \$67 million, and a third station at Kalpakkam in Madras State, at an estimated cost of \$105 million. 8/ Both stations are scheduled to begin operation in 1967 or 1968.

Construction has already commenced on facilities needed to support India's nuclear power program. In 1962, \$2.5 million was allocated for the construction of a chemical separation plant that will cost \$10 million to \$15 million before its completion in 1965. 9/ Other projects in progress

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include the development of a uranium mining-concentrating complex at Jadaguda (\$8.3 million) and the enlargement of the uranium metal and fuel fabrication plants in the nuclear center at Trombay. 10/

Implementation of India's ambitious nuclear power program may be inhibited by a lack of foreign exchange and by financial restrictions resulting from competition for limited resources by other governmental programs. India has found, and will continue to find, it necessary to seek foreign aid and technical assistance in the development of its nuclear program. In addition to US aid for the Tarapur reactors, India is attempting to obtain a loan or grant of \$32 million from the Canadian Government to cover the foreign exchange cost of the station planned for construction at Kotah. 11/ No financing is yet in sight for the power reactor to be built in Madras State.

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